

SPARTAN CAPITAL CORP. LTD.

PROXY INFORMATION CIRCULAR

SPECIAL GENERAL MEETING OF SHAREHOLDERS
AND ANNUAL MEETING OF SHAREHOLDERS

JULY 26, 1973

This Proxy Information Circular is furnished in connection with the solicitation by the management of SPARTAN CAPITAL CORP. LTD. (the "Company") (Formerly Spartan Air Services Limited) of proxies to be voted at a Special General Meeting of Shareholders of the Company and at the Annual Meeting of Shareholders of the Company to be respectively held on Thursday, the 26th day of July, 1973, at the time and place and for the purposes set forth in the accompanying Notice of each of said Meetings and at any and all adjournments thereof. The information herein contained is given as of June 15, 1973.

Solicitation of Proxies

The enclosed proxies are being solicited by the management of the Company and the expenses of solicitation of proxies will be borne by the Company. The solicitation will be made by mail.

Revocation of Proxies

A shareholder giving proxies pursuant to this solicitation may revoke any such proxy by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the Company at any time up to and including the last business day preceding the day of the Meeting in respect of which said proxy is given, or any adjournment thereof, or with the Chairman of such Meeting on the day of the Meeting, or adjournment thereof.

Appointment of Proxies

The persons named in the enclosed forms of proxy are Directors of the Company. **EACH SHAREHOLDER IS ENTITLED TO APPOINT A PERSON TO REPRESENT HIM AT THE MEETINGS OTHER THAN THE INDIVIDUALS NAMED IN THE FORMS OF PROXY ENCLOSED.**

A shareholder desiring to appoint some other person (who need not be a shareholder) to represent him at either or both Meetings may do so either by striking out the names of the management nominees set forth in the forms of proxy and by inserting such person's name in the blank space provided therein or by completing another proper form of proxy for use at each Meeting in respect of which a proxy is desired to be given, and in either case, sending the completed proxy to the Secretary-Treasurer of the Company at 4770 Kent, Suite 102, Montreal 252, Quebec, for delivery before the Meeting in respect of which the proxy is given or giving it to the Chairman at such Meeting.

Exercise of Discretion of Proxies

The persons named in the enclosed forms of proxy will vote the shares in respect of which they are appointed in accordance with the directions of the shareholders appointing them. **In the absence of such directions, such shares will be voted: (a) at the Special General Meeting, for the sanction and confirmation of: (i) By-Law 24, being a borrowing by-law; (ii) By-Law 25 changing the head office of the Company; (iii) By-Law 26, reducing the capital of the Company and authorizing an Application for Supplementary Letters Patent; (iv) Special By-Law "XA" repealing Special By-Law "X"; and (b) at the Annual Meeting for the reception of the report of the Directors and financial statement, for the election of Directors and for the appointment of auditors and for the authorization of Directors to fix their remuneration, as stated under those headings in this circular.**

The enclosed forms of proxy confer discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of each Meeting and with respect to such other matters as may properly come before the Meetings. At the time of printing of this Circular, the management of the Company knows of no such amendments, variations or other matters to come before either Meeting other than the matters referred to in the Notice of each Meeting.

Voting Share and Principal Holders thereof

The Company has outstanding 7,242,515 common shares without nominal or par value and 1,350 Class "A" preferred shares having a par value of \$100.00 each. Each common share is entitled to one vote at each Meeting and each Class "A" preferred share is entitled to 100 votes at each Meeting.

As the Company has not fixed a record date, any shareholder registered on the books of the Company at least 2 business days before the time set for each Meeting may vote thereat in person, or by proxy, as outlined herein.

To the knowledge of the Directors and Officers of the Company, no person or corporation other than Chipman Mining and Energy Corporation Ltd. ("Chipman") beneficially owns, directly or indirectly, equity shares carrying more than 10% of the voting rights attached to all equity shares of the Company. Chipman beneficially and directly owns 1,200,000 of the outstanding common shares without nominal or par value of the Company which represents 16.3% of the voting rights attached to the outstanding equity shares of the Company.

Election of Directors

The By-laws of the Company provide that the Board of Directors shall consist of 9 Directors to be elected annually, each Director to hold office until the next Annual Meeting of Shareholders or until his successor is elected.

The following persons are proposed to be nominated for election as Directors of the Company:

Name; principal occupation or employment, and other positions and offices with the Company presently held:	Director since:	Number of each class of equity shares of the Company beneficially owned, directly or indirectly:
MARK BERCUVITZ, C.A. (1) President of Cheshire Consultants Ltd. (financial consultants)	July 6, 1972	389,516 common
HYMAN BLOOM (1) Vice-President and General Manager, Ace Finance Corp. Ltd. (Finance)	February 3, 1969	502,500 common
ADRIAN C. BORNEMISA (1) (2) Vice-President, Green Coast Resources Limited (exploration and development of natural resources)	February 29, 1972	50 common
ZAVE CLIMAN, C.A. (1) (3) Secretary-Treasurer of the Company and Vice-President of Cheshire Consultants Ltd. (financial consultants) and Director of Green Coast Resources Limited.	June 26, 1969	198,500 common
REUBEN H. CROLL (1) President of the Company and President and General Manager, Pinafore Corporation (Management Corporation), Secretary and Managing Director, Individual Investment Corporation (Finance) and Director of Green Coast Resources Limited	February 3, 1969	502,500 common

Name; principal occupation or employment, and other positions and offices with the Company presently held:	Director since:	Number of each class of equity shares of the Company beneficially owned, directly or indirectly:
GABRIEL DE DIVEKY (1) President, Green Coast Resources Limited	November 2, 1971	50 common
PHILLIP DEZWIREK (1) President, Viceroy Investment Corp., Director, Pan Ocean Oil Corporation, Executive Vice-President and Director, Green Coast Resources Limited and Executive Vice-President and Director, Viking Oil Resources Inc.	June 26, 1969	730,000 common
NOEL E. LAMB Managing Director, Meridian Airmaps Limited	February 27, 1969	9 common
PAUL F. M. McDONALD Vice-President of Kippen & Company Limited	June 26, 1969	100 common

Notes

- (1) By an agreement dated September 15, 1971, between Green Coast Resources Limited (N.P.L.), Chipman Mining and Energy Corporation Ltd., Phillip DeZwirek, Hyman Bloom, Reuben H. Croll, Zave Climan and Mark Bercuvitz, being the major shareholders of the Company at present, the parties have agreed for a 5 year period to vote their shares of the Company, presently held and which may be acquired during the life of the agreement, in favour of the election of the following persons, or their nominees, as Directors of the Company: Mark Bercuvitz, Hyman Bloom, Zave Climan, Reuben H. Croll, Gabriel de Diveky and his nominee and Phillip DeZwirek.
- (2) Mr. Bornemisa is the nominee of Mr. de Diveky provided for in the agreement referred to in note (1) above.
- (3) Excludes 400,000 common shares owned by Sandra Climan, wife of Zave Climan.

Remuneration of Directors and Officers

The aggregate direct remuneration paid by the Company to the Directors and, separately, to the Officers of the Company, during the Company's last completed financial year, and separately, without duplication, the remuneration paid to such persons by each subsidiary of the Company is as follows:

	To Directors of the Company	To Officers of the Company
By the Company	—	\$33,700
By Spartan Aero Limited	—	\$68,500
By Meridian Airmaps Ltd.	—	\$ 6,000

On February 29, 1972, the Company granted to Mr. Adrian C. Bornemisa, a director and at that time a consultant to the Company, options to purchase an aggregate of up to 50,000 common shares of the Company at a price of \$.357 per share. On February 20, 1973, Mr. Bornemisa exercised options to purchase 10,000 common shares of the Company and the balance of such options were cancelled due to the termination of Mr. Bornemisa's services as a consultant to the Company.

Appointment of Auditors

The persons named in the enclosed form of proxy intend to vote at the Annual Meeting for the appointment of Messrs. Thorne, Gunn & Co., Chartered Accountants, as auditors of the Company, to hold office until the next Annual Meeting of Shareholders and to authorize the Board of Directors to set their remuneration. Messrs. Thorne, Gunn & Co. were first appointed as auditors of the Company on April 26, 1968.

Interest of Management and Others in Material Transactions

By agreement dated March 8, 1972 and as approved by resolution at the Annual and Special General Meeting of Shareholders of the Company on July 6, 1972, the Company acquired all of the issued and outstanding capital stock of Leverage Investment Corp. in exchange for 2,000,000 common shares of the Company. As set forth in the Proxy Information Circular accompanying the Notice of the Annual and Special General Meeting of Shareholders of the Company of July 6, 1972, Messrs. Hyman Bloom, Reuben H. Croll, Phillip DeZwirek and Mark Bercuvitz (Directors of the Company) and Mrs. Sandra Climan (wife of Mr. Zave Climan, a Director of the Company) had a direct material interest in the acquisition of Leverage Investment Corp. by the Company.

As approved by resolution at the Annual and Special General Meeting of Shareholders of the Company held on July 6, 1972, the Company intends to acquire from Green Coast Resources Limited (N.P.L.) certain interests in petroleum and natural gas rights and mineral rights in consideration for the issue by the Company of a certain number of its common shares. It has been agreed between the Company and Green Coast Resources Limited (N.P.L.) that said consideration will be reduced to 600,000 of the Company's common shares and it is expected that said transaction will be consummated in the near future. As set forth in the Proxy Information Circular accompanying the Notice of the Annual and Special General Meeting of Shareholders of the Company of July 6, 1972 Messrs. Zave Climan, Phillip DeZwirek and Gabriel de Diveky (Directors of the Company) are Directors, Officers and Shareholders of Green Coast Resources Limited (N.P.L.) and have a direct material interest in the proposed transaction. Mr. Adrian C. Bornemisa, a Director of the Company, is an Officer of Green Coast Resources Limited (N.P.L.) and has an indirect interest in the proposed transaction. On April 13, 1973, Mr. Reuben H. Croll, President and Director of the Company, became a director of Green Coast Resources Limited.

Enactment of By-Law No. 24

On February 5, 1973, the Board of Directors of the Company enacted By-Law No. 24 authorizing borrowing by the Company and the pledging of securities of the Company. By-Law No. 24 reads as follows:

BY-LAW NO. 24

AUTHORIZING BORROWING AND PLEDGING

"BE IT ENACTED AND IT IS HEREBY ENACTED as a By-law of the Company as follows:

1. That the Directors of the Company may from time to time:

(a) borrow money upon the credit of the Company by obtaining loans or advances or by way of overdraft or otherwise;

(b) issue, sell or pledge securities of the Company including bonds, debentures, debenture stock, for such sums on such terms and at such prices as they may deem expedient;

(c) assign, transfer, convey, hypothecate, mortgage, pledge, charge or give security in any manner upon all or any of the real or personal, moveable or immoveable property, rights, powers, choses in action, or other assets, present or future, of the Company to secure any such securities or other securities of the Company or any money borrowed or to be borrowed or any obligations or liabilities as aforesaid or otherwise of the Company heretofore, now or hereafter made or incurred directly or indirectly or otherwise; and

(d) without in any way limiting the powers herein conferred upon the Directors, give security or promises to give security, agreements, documents and instruments in any manner or form under the Bank Act or otherwise to secure any money borrowed or to be borrowed or any obligations or liabilities as aforesaid or otherwise of the Company heretofore, now or hereafter made or incurred directly or indirectly or otherwise.

2. That any or all of the foregoing powers may from time to time be delegated by the Directors to any one or more of the directors or officers of the Company.

3. That this By-law shall remain in force and be binding upon the Company as regards any person acting on the faith thereof until such person has received written notification from the Company that this By-law has been repealed or replaced."

By-Law No. 24 will require the sanction of at least two-thirds of the votes cast at the Special General Meeting of Shareholders of the Company.

Enactment of By-Law No. 25

On February 5, 1973, the Directors of the Company enacted By-Law No. 25 providing for the changing of the head office of the Company from Ottawa to the Montreal Urban Community. By-Law No. 25 reads as follows:

BY-LAW NO. 25

CHANGING THE HEAD OFFICE OF THE COMPANY

"BE IT ENACTED and it is hereby enacted as a By-law of SPARTAN CAPITAL CORP. LTD. that the location of the Head Office of the Company be and the same is hereby changed from 380 Hunt Club Road, Ottawa, Province of Ontario, to the Montreal Urban Community, in the Province of Quebec."

Enactment of By-Law No. 26

On May 1, 1973, the Directors of the Company enacted By-Law No. 26 decreasing the capital of the Company and authorizing an Application for Supplementary Letters Patent. By-Law No. 26 reads as follows:

BY-LAW NO. 26

"WHEREAS the authorized capital of SPARTAN CAPITAL CORP. LTD. (hereinafter called the "Company") consists of 1,350 Class "A" preferred shares of the par value of \$100.00 per share, 8,500 Class "B" preferred shares of the par value of \$100.00 per share and 10,000,000 common shares without nominal or par value of which 1,350 Class "A" preferred shares and 7,242,515 common shares have been issued and are outstanding as fully-paid and non-assessable; and

WHEREAS the aggregate amount of consideration received by the Company for the said 7,242,515 common shares without nominal or par value which have been issued and outstanding as fully-paid and non-assessable as aforesaid is \$6,725,625.

WHEREAS it is desirable and in the interest of the Company to reduce the capital of the Company by cancelling the amount of the paid-up capital which is unrepresented by available assets, namely \$4,431,568.

NOW THEREFORE BE IT ENACTED AND IT IS HEREBY ENACTED AS A BY-LAW OF THE COMPANY AS FOLLOWS:

1. Subject to confirmation by Supplementary Letters Patent, the capital of the Company be reduced by cancelling the paid-up capital of the Company to the extent of \$4,431,568. being the amount of such paid-up capital which is unrepresented by available assets so that the paid-up capital of the Company in respect of the above-recited 7,242,515 common shares without nominal or par value issued and outstanding shall be \$2,294,057.
2. The Company be and is hereby authorized to make application to the Minister of Consumer and Corporate Affairs for Supplementary Letters Patent confirming this By-law.
3. The Directors and Officers be and are hereby authorized and directed to do, sign and execute all things, deeds and documents necessary or desirable for the due carrying out of the foregoing."

By-Law No. 26 will require the sanction of at least two-thirds of the votes cast at the Special General Meeting of Shareholders of the Company.

Enactment of Special By-Law "XA"

At the Annual and Special General Meeting of Shareholders of the Company held on July 6, 1972, Special By-Law "X" was sanctioned and confirmed. Special By-Law "X" provides for the consolidation of the issued and unissued common shares without nominal or par value of the capital stock of the Company on the basis of one new common share for each ten old common shares, and the increase of the authorized capital of the Company by the creation of 4,000,000 additional common shares without nominal or par value. Subsequent to the sanction and confirmation thereof, the Directors of the Company have determined that it would not be in the best interests of the Company at the present time to make application for Supplementary Letters Patent to the Minister of Consumer and Corporate Affairs for the confirmation of Special By-Law "X". On May 1, 1973, the Directors of the Company thus enacted Special By-Law "XA" repealing Special By-Law "X". Special By-Law "XA" reads as follows:

SPECIAL BY-LAW "XA"

"WHEREAS Special By-Law "X" of the Company was enacted by the Board of Directors of the Company on February 29, 1972 and sanctioned and confirmed at a Special General Meeting of Shareholders of the Company on July 6, 1972;

WHEREAS it is not in the best interest of the Company at the present time that Special By-Law "X" be confirmed by the issuance of Supplementary Letters Patent;


NOW THEREFORE BE IT ENACTED AND IT IS HEREBY ENACTED AS SPECIAL BY-LAW "XA" OF THE COMPANY AS FOLLOWS:

That Special By-Law "X" of the Company as enacted by the Board of Directors of the Company on February 29, 1972 and confirmed at a Special General Meeting of Shareholders of the Company on July 6, 1972 be repealed."

DATED at the City of Montreal, Province of Quebec, on this 28th day of June, 1973.

BY ORDER OF THE BOARD OF DIRECTORS

Zave Climan
Secretary-Treasurer



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